

MULTIMEDIA



UNIVERSITY

STUDENT ID NO

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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2022 / 2023

DBL5624 – PRINCIPLES OF COMPANY LAW

(All sections/ Groups)

22 NOVEMBER 2022

9.00 a.m – 11.00 a.m

(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of 2 pages with 4 questions.
2. Answer **ALL** questions.
3. You are required to cite relevant provisions and cases law.
4. Write all your answers in the Answer Booklet provided.

QUESTION 1

- (a) Haze formed a company called Read It Sdn. Bhd. in January 2020. His company objects include to become a book supplier and distributor. However, the company never commence or start its business up until February 2021. Haze has been advised by his friend, Hana that his business can be forced to close by the court as he did not commence business for more than one year. Haze is not sure about the statement made by Hana, and he seeks your opinion.

Advise Haze whether Read It Sdn. Bhd. can be forced to close by the court by referring to the Companies Act 2016. (10 marks)

- (b) Discuss the effects of voluntary winding up by referring to Section 442 of the Companies Act 2016. (10 marks)
- (c) Explain the **TWO (2)** types of winding up. (5 marks)

[Total: 25 Marks]

QUESTION 2

- (a) Mr. Mohan is the retired executive director in Maju Berhad. During their annual general meeting in 2021, the company decided to appoint Mr. Mohan again as to serve as executive director. Few shareholders argue during the meeting that the company could not re-elect Mr. Mohan on the reason that he himself decided to retire and should not be eligible to become a director in the company anymore.

Advise Maju Berhad as to whether Mr. Mohan could be re-elect/re-appoint as director of the company based on the section provided in Companies Act 2016. (10 marks)

- (b) Discuss the disqualifications of a director by referring to Section 198 of the Companies Act 2016. (10 marks)
- (c) Explain meeting of the members for private company. (5 marks)

[Total: 25 Marks]

Continued...

QUESTION 3

- (a) Nusa Berhad is a textile company located in Johor. They plan to open a few subsidiary companies as they wish to expand their business. However, the plan is to register two subsidiaries outside Malaysia to avoid paying taxes being imposed in Malaysia. Nusa Berhad formed Bizz Holding and Local Incorporated and register both companies in Indonesia. However, all the meeting and management for both companies are being managed physically and virtually in Malaysia. The company secretary of Nusa Berhad had advised them to stop operating in Malaysia as it is against the Companies Act 2016, but the board of directors in Nusa Berhad insisted that the Government of Malaysia could not act against Nusa Berhad since Nusa Berhad and both of its subsidiaries are separate entities.

Advise whether Nusa Berhad could be held liable for the act done by its subsidiaries. (15 marks)

- (b) Discuss the effect of incorporation by referring to section 18 of the Companies Act 2016. (10 marks)

[Total : 25 Marks]

QUESTION 4

- (a) Lin owned 50,000 shares in TN Berhad. She wanted to sell half of her shares to her sister, May. However, she heard rumors stating that shareholders could not transfer their shares to other people as shares are not transferable.

Advise Lin whether she can sell or transfer her shares to May by referring to the Companies Act 2016. (10 marks)

- (b) Two types of charge available under loan capital are fixed charge and floating charge. Discuss further about floating charge. (10 marks)
- (c) Explain the crystallization of the floating charge. (5 marks)

[Total : 25 Marks]

End of Paper